

United States Information Agency

**Office
of
INSPECTOR GENERAL**

SEMIANNUAL REPORT TO THE CONGRESS



April 1, 1991 - September 30, 1991

COMPLETED

This report has been provided, through the
Director of the United States Information Agency,
to the following Congressional oversight committees:

Senate Committee on Appropriations
Senate Committee on Foreign Relations
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Committee on Foreign Affairs
House Committee on Governmental Affairs

United States Information Agency

Washington, D. C. 20547



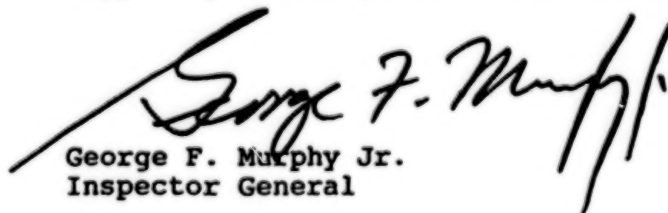
INSPECTOR GENERAL

October 31, 1991

The Honorable Henry E. Catto, Director

In accordance with the Inspector General Act of 1978 (Public Law 95-452), as amended, I am forwarding herewith the semiannual report of the Inspector General for the six-month period from April 1, 1991 through September 30, 1991. The Act requires that you transmit this report to the appropriate committees of the Congress within 30 days of receipt.

I very much appreciate your encouragement and the strong support you have given to the Office of Inspector General.

A handwritten signature in dark ink, reading "George F. Murphy Jr." with a stylized flourish at the end.

George F. Murphy Jr.
Inspector General

INSPECTOR GENERAL ACT OF 1978



Purpose:

In order to create independent and objective units ... there is hereby established in each of such establishments an office of Inspector General.

Duties and Responsibilities:

(a) It shall be the duty and responsibility of each Inspector General with respect to the establishment within which his Office is established...

(1) to provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of such establishment...

(3) to recommend policies for and to conduct, supervise, or coordinate other activities carried out or financed by such establishment for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations...

(5) to keep the head of such establishment and the Congress fully and currently informed, by means of the reports required in section 5 and otherwise, concerning fraud and other serious problems, abuses, and deficiencies ..., to recommend corrective action concerning such problems, abuses and deficiencies, and to report on the progress made in implementing such corrective action.

Semiannual Reports:

(a) Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.

Excerpt from Public Law 95-452, as amended.

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OVERVIEW

This report is issued pursuant to the Inspector General Act of 1978, as amended. The report covers the six month period from April 1, 1991 through September 30, 1991.

HIGHLIGHTS OF NEW ISSUES

Questionable Grant Practices and Charges

Grantees incurred substantial amounts of questioned costs, followed improper or questionable practices, and failed to comply with grant terms and applicable laws and regulations. For example, one grantee:

- incurred over \$400,000 in unallowable or unsupported costs, including \$51,000 for alcoholic beverages;
- had material internal control weaknesses which contributed to misappropriation of government funds by its bookkeeper; and
- made a \$250,000 below-market interest loan to its president. (See page 6.)

Questionable Practices For Obtaining Legal Services

USIA used questionable practices to obtain legal services billed at \$370,000 by adding the services to an existing grant rather than procuring the services under a competitive contract award. In addition, because USIA did not establish appropriate spending controls, grantees charged USIA for unusual legal costs and for settling litigation without prior approval from USIA. (See page 7.)

False Grant

Over \$38,000 was expended for repairs and improvements to a Public Affairs Officer's leased residence, funded in part by a false grant for \$18,000. This matter was referred to the Department of Justice for prosecutorial determination.

**Questionable
Contract Practices
and Costs - TV Marti**

USIA representatives orally instructed a TV Marti contractor to make substantial deviations from the original contract, preventing OIG auditors from obtaining sufficient documentation to determine whether the contractor complied with delivery requirements. In addition, the audit identified over \$177,000 in questionable charges, including overbillings and duplicate billings, and found the contractor's accounting system to be inadequate. (See Page 8.)

**Critique of VOA
Broadcasts During
The Persian
Gulf Crisis**

At the request of the former Director of USIA, the Inspector General reviewed VOA coverage of the Gulf crisis and two private studies regarding the VOA Arabic Service. The report was transmitted to the current Director on September 18, 1991. Since certain material in the report was quoted from classified cables and memoranda, the report, entitled *A Critique of VOA Broadcasts Into the Middle East During the Persian Gulf Crisis*, is classified.

HIGHLIGHTS OF ACTIONS TAKEN ON PRIOR REPORTS

**Questionable
Leasing**

Inspector General Finding:

"The Inspector General questions the leasing of new space in Washington, D.C. for TV Marti."
(Semiannual Report, March 31, 1991, page 5.)

Action: The Associate Director, Bureau of Management (M Bureau), in a July 3, 1991 letter to GSA, withdrew USIA's request for execution of the proposed Market Square Building lease. TV Marti staff will be housed primarily in renovated space in an existing leased building. M Bureau estimates that about \$621,000 will be saved annually as a result of this decision which, projected over the ten year life of the lease, would total \$6,210,000 in savings.

**Trust Fund
Management****Inspector General Finding:**

"USIA management of non-appropriated trust funds that total about \$7.4 million has been ineffective, and USIA trust fund balances had not been reconciled with balances maintained by the Department of the Treasury for more than three years."

(Semiannual Report, March 31, 1991, page 1.)

Action: As of September 30, 1991, the Office of the Comptroller had taken corrective actions.

Contractor Claims**Inspector General Finding:**

"...two contractors had claimed about \$941,000 in termination and equitable adjustment costs questioned as ineligible or unsupported."

(Semiannual Report, March 31, 1991, page 15.)

Action: USIA has completed settlement action on both claims, upholding OIG's position that \$811,000 of the costs claimed were ineligible or unsupported.

Strategic Planning**Inspector General Finding:**

"As of March 31, 1991, a final [Strategic] plan had not been issued."

(Semiannual Report, March 31, 1991, page 5.)

Action: A set of strategic goals was approved and disseminated by the Director on September 4, 1991.

**Controls Over
J Visa Program****Inspector General Finding:**

"USIA controls over J visa authorization forms are inadequate. For example, during fiscal years 1988, 1989 and 1990 about 714,000 authorization forms were distributed, but only about 234,000 were recorded in a USIA computer system. The computer system does not record whether

exchange visitors remain in the U.S. after their programs have finished and contains errors, including over 13,000 records with duplicate control numbers."

(Semiannual Report, March 31, 1991, page 4)

Action: The Office of General Counsel (GC) agreed to develop a new system capable of tracking authorization forms, which is scheduled for completion during fiscal year 1993, according to GC. No plans have been made to report if or when J visa holders leave the country.

Inspector General Comment: The Inspector General continues to recommend that USIA's system reflect whether J visa holders depart the U.S. when their programs end.

OIG WORK IN PROGRESS

OIG audits, inspections and investigations in the following areas are currently in progress:

- Management and oversight of the Fulbright Scholar Program.
- Activities related to the planning, management, and budgeting for the Seville Exposition.
- Review of USIS operations in Eastern Europe.
- Administration of grant agreements by the National Endowment for Democracy and its subgrantees.
- Management controls over the acquisition and disposal of USIA property.
- Compliance by USIA grantees with the Tax Reform Act of 1986, and the impact of these provisions on USIA exchange programs.
- Contracting practices, including compliance with procurement regulations.
- Evaluation of criteria for emergency medical payments for exchange visitors.
- Improper and illegal acts by employees, grantees and contractors.

STATISTICAL SUMMARY

I Reports Issued

Special Inspector General Review	1
(See Appendix A)	
Audit Reports Issued	14
(See Appendix A)	
Investigation Cases Closed	
(See Appendix B)	12

II Potential Monetary Impact

Questioned Costs	\$1,118,396
(See Appendix C)	
Recommendations that Funds Be	
Put to Better Use	<u>\$2,631,000</u>
(See Appendix D)...	
TOTAL	\$3,749,396

III Actual Monetary Impact

Questioned Costs Sustained	\$1,143,003
(See Appendix C)	
Funds Put to Better Use	\$2,912,300
(See Appendix D)	
Investigative Restitutions	<u>\$ 4,123</u>
(See Appendix B)	
TOTAL	\$4,059,426

**IV Reports With Monetary Impact
for Which Management Action is Pending**

Number Less Than Six Months Old	6
Dollar Value	\$ 1,247,628
(See Appendix C and D)	
Number More Than Six Months Old	6
Dollar Value	\$ 867,748
(See pages 16 and 17)	

OPERATIONAL ACTIVITIES

OIG activities during this period identified problems in USIA management of grant expenditures, construction funds, contract practices, programs and financial transactions.

NEW ISSUES

Grants Management

Questionable Grant Practices and Charges

Eisenhower Exchange Fellowships, Inc. (EEF)

EEF brings foreign leaders to the United States, generally for three-month fellowships. The cost of a fellowship averages about \$40,000.

From January 1988 to December 1990, EEF charged USIA grants for unallowable or unsupported costs, totaling \$412,910. This included over \$135,000 in travel, meals, and lodgings exceeding allowable limits; over \$51,000 for alcoholic beverages; \$58,000 in gifts and entertainment; \$42,400 in fund raising costs; and \$5,000 in lobbying activities performed by a consultant.

In addition, there were material internal control weaknesses and evidence of misappropriation of Government funds by EEF's bookkeeper. This alleged misappropriation was referred to the United States Attorney in Philadelphia.

Also, the President of EEF was given a \$250,000 loan from EEF private funds at the below-market interest rate of six percent. OIG expressed concern that this loan could have been repaid from future Federal endowment funds.

Based on the OIG report, House and Senate conferees added restrictions to the fiscal year 1992 Appropriations Act, P.L. 102-140, precluding EEF from using earnings from federal endowment funds to pay for excessive compensation and other costs not normally allowed under grants.
(See Congressional Record, October 1, 1991, p. H7192.)

Oregon Historical Society (OHS)

This grant provided \$2 million for the establishment of the North Pacific Studies Center.

OHS charged USIA about \$160,000 in unallowable and unauthorized costs, including about \$151,000 related to construction of OHS facilities and about \$9,000 for unallowable advertising and travel.

In addition, OHS was found to have poor procurement practices. For example, OHS procured about \$140,000 in rare books and maps for its library and retained an architectural and engineering (A&E) firm for services totalling about \$400,000, without competition or written agreement.

Based on the OIG report, the Office of Contracts has agreed to include in all future grants in which a significant portion of the award is for the procurement of goods and services a requirement that sole source procurements over \$5,000 be approved in advance by USIA.

American Council of Teachers of Russian (ACTR)

This grant provided \$1.4 million to support the exchange of Russian language teachers and students.

ACTR charged USIA \$368,288 in unallowable and unauthorized costs for the period July 1, 1988, through March 31, 1990.

In addition, and of particular concern, were such material weaknesses as the lack of written accounting procedures.

Because of the questioned costs and material noncompliance, OIG recommended that the USIA Office of Contracts withhold future grant awards to ACTR until all material weaknesses are corrected.

Questionable Practices For Obtaining Legal Services

USIA used questionable practices to obtain legal services billed at \$370,000 by adding the services to an existing grant rather than procuring the services under a competitive contract award.

In addition, another grantee incurred legal expenses without the prior approval of the Contracting Officer. The lack of appropriate spending controls in one grant agreement led to:

- charging USIA about \$369,000 in legal expenses defending litigation arising from alleged improper personnel practices;
- paying part of the legal fees from program funds in violation of the agreement; and
- negotiating and paying a settlement of the litigation with USIA funds without prior approval from USIA.

These issues are covered, in part, in OIG Report No. A-91-06 and more fully in a pending OIG report on the administration of the Fulbright Program.

Contract Management

Questionable Contract Practices and Costs - TV Marti

USIA representatives orally instructed a TV Marti contractor to make substantial deviations from the original contract. These actions prevented OIG auditors from obtaining sufficient documentation to determine whether the contractor complied with delivery requirements.

The contract specifically required that all changes in the scope or terms and conditions of the contract must be authorized in advance, in writing, by the Contracting Officer. This was not done.

In addition, over \$177,372 in ineligible and unsupported costs were identified. Ineligible costs resulted primarily from use of wrong fixed labor rates, overbillings, and duplicate charges. The unsupported costs were related to labor overtime and other services based upon estimated hours for which the contractor could not provide supporting documentation of actual costs.

Also, the contractor did not have an acceptable accounting system which could identify allowable, unallowable, direct, and indirect costs.

These issues are addressed in a pending OIG report.

Financial Management

Failure to Deobligate Unspent Funds

VOA radio construction accounts totaling about \$23.2 million contained about \$2.6 million in potentially reusable funds that could be made available for other purposes if deobligated.

Based on OIG's report, VOA deobligated \$1,801,867.

General Management and Administration

Inadequate Warehouse Study

USIA failed to comply with OMB Circular No. A-76 in its evaluation of Agency warehouse operations by not giving adequate attention to opportunities for potentially significant cost savings.

M Bureau agreed with OIG that further study was warranted and suspended its Request for Proposals to bid on the warehouse operations until a new analysis could be completed.

Time and Attendance Abuses

A referral to Agency management concerning time and attendance abuses resulted in disciplinary actions being taken against nine employees and the restitution of \$2,479.

Theft of Government Funds

The use of Government funds by an employee to reupholster personal furniture resulted in disciplinary action and the restitution of \$1,644.

ACTIONS TAKEN REGARDING PRIOR REPORTS

In addition to those topics highlighted in the Overview chapter of this report, USIA management actions regarding other issues previously reported by OIG are as follows:

Grants Management

- **Inspector General Finding:**

"...at least 77 percent of \$204 million in Bureau of Educational and Cultural Affairs grants had been awarded without competition." (Semiannual Report, September 30, 1990, page i.)

Action: In March 1991, E Bureau implemented new award procedures for fiscal year 1992 grants designed to increase the number of grants subject to competition. However, OIG believes that because traditional "core" grantees will continue to receive the majority of the grant funds, the percentage of grant funds awarded without competition will not significantly decrease.

- **Inspector General Finding:**

"Substantial imbalances exist among financial records maintained by the Office of The Comptroller, the Office of Contracts and individual grantees. For example, a comparison of the Office of The Comptroller and Office of Contracts letter of credit records as of June 30, 1989 showed a net variance of about \$14.5 million for 28 grants that had not been reconciled." (Semiannual Report, September 30, 1990, page 2.)

Action: According to the M Bureau, 80 letter of credit accounts have been closed and \$5.8 million deobligated and returned to the Treasury.

- **Inspector General Finding:**

"E Bureau oversight of one grantee was inadequate. The grantee had initiated unauthorized special projects that used J visas in violation of its agreement with USIA. These projects were essentially human services work programs which were not oriented toward educational and cultural activities. Also, because of improper grant charges and deficient financial practices, the grantee's stewardship of grant funds is questionable." (Semiannual Report, March 31, 1991, page 4.)

Action: As a result of the audit, the grantee advised USIA in October 1990 that it would not bring any additional participants into the country for unauthorized special projects. In May 1991, the grantee advised USIA that it would correct financial weaknesses identified by OIG.

It is understood that the grantee will have to compete for the next grant, consistent with the OIG recommendation.

Financial Management

- **Inspector General Finding:**

"USIA has been reporting in its Federal Managers' Financial Integrity Act (FMFIA) reports since 1987 non-compliance with Office of Management and Budget (OMB) Circular No. A-127, Financial Management Systems. The report states that:

'...[the] Agency has no formalized five year plan to develop a single integrated financial management system.'"
(Semiannual Report, March 31, 1991, page 2.)

Action: M Bureau advised OIG that it completed a five year working plan on September 30, 1991.

- **Inspector General Finding:**

"An embezzlement of at least \$447,000 from the Fulbright Binational Commission in Thailand was discovered in 1989. The embezzlement resulted from material internal control weaknesses at the Commission and inadequate oversight by USIS Thailand and USIA Headquarters....A review of four other commissions disclosed internal control weaknesses similar to those in Thailand."
(Semiannual Report, March 31, 1991, page 4.)

Action: The Manual for Binational Commissions and Foundations, which had been in a draft stage since 1982, was finalized and issued in April 1991. A senior official of the E Bureau was dispatched to Commissions in East Asia and South Asia to explain the manual.

In addition, in July 1991, E Bureau sent a cable to United States Information Service (USIS) posts highlighting how to strengthen internal control procedures.

OIG continues to monitor the efforts of the Thai police to locate the embezzler.

- **Inspector General Finding:**

"Three USIA employees were convicted of criminally misappropriating a total of \$13,921 from imprest funds....The Bureau of Management has agreed to take corrective action."

(Semiannual Report, March 31, 1991, page 21.)

Action: On August 6, 1991, M Bureau announced the implementation of a new computer review process for reconciling imprest fund payments.

Property Management

- **Inspector General Finding:**

"Dating back to at least 1985, the M Bureau has not achieved adequate accountability over property. This was confirmed in the December 15, 1989 FMFIA report, which was sent by the Director of USIA to the President. The report states:

"The lack of adequate management controls preclude individual accountability on nonexpendable personal property valued at approximately \$200,000,000 world-wide." (Semiannual Report, March 31, 1991, page 3.)

Action: In October 1991, M Bureau established a plan to develop and implement new procedures for property management and to update its property inventory by April 1993. OIG will continue to press for adequate accountability over property.

Program Management

- **Inspector General Finding:**

"Complex procedures and high administrative costs in the USIA Program Development Office hindered the efficient management of the American Participants Program."

(Semiannual Report, March 31, 1991, page 18.)

Action: The P Bureau improved management procedures and eliminated six positions for an estimated annual savings of \$210,000. In addition, it expanded its teleconferencing service to overseas posts as a cost-effective method of utilizing expert speakers on USIA priority subjects.

Overseas Post Management

- **Inspector General Finding:**

"...the USIS [Korea] library program, with an annual budget of more than \$415,000, was operating without defined objectives and audiences and lacked adequate supervision. It was also found to be over-staffed. OIG recommended that the library be restructured to better serve key audiences and support USIS objectives."

(Semiannual Report, March 31, 1991, page 19.)

Action: The library has been restructured to be more directly in line with USIA objectives and has initiated operational efficiencies.

- **Inspector General Finding:**

"A lack of clear guidelines was noted at USIS Korea regarding circumstances in which meals may be included in program grants, a problem at other USIA posts as well."

(Semiannual Report, March 31, 1991, page 19.)

Action: Revisions have been made to the pertinent sections of the Overseas Procurement Handbook.

- **Inspector General Finding:**

"Some Foreign Service National employees in USIS Korea were under-utilized or otherwise excess to post needs. OIG recommended eliminating 18 positions for an estimated annual saving of \$319,000."

(Semiannual Report, March 31, 1991, page 19.)

Action: The post has begun implementation of a staff reduction plan involving 12 positions to be reduced over three fiscal years for an estimated cumulative saving of \$257,000.

**REPORTS FOR WHICH NO MANAGEMENT DECISION
HAS BEEN MADE WITHIN SIX MONTHS OF ISSUANCE**

USIA's Contracting Officer advised the Inspector General that a management decision had not been reached on the following reports:

Phelps-Stokes Fund

The Office of Contracts is waiting for final indirect cost rates from the Department of State. Accordingly, no determination has been made on the \$60,240 in questioned costs. The six month period elapsed June 9, 1989. (Report No. A-89-03.)

American Association of Collegiate Registrars

The report, issued on June 6, 1990, made recommendations about questioned costs and accounting system deficiencies. The Contracting Officer has resolved the accounting system recommendations but has not yet resolved \$10,923 in questioned costs. (Report No. A-90-12.)

Delphi Research Associates

The report, issued on September 16, 1990, made recommendations about questioned costs and accounting system deficiencies. The Contracting Officer has resolved the accounting system recommendations but has not yet resolved \$1,174 in questioned costs. (Report No. A-90-13.)

The Center For Excellence in Education

The report, issued on August 6, 1990, made recommendations about questioned costs and accounting system deficiencies. The Contracting Officer has resolved all accounting system recommendations, but has not yet resolved \$33,396 in questioned costs. (Report No. A-90-24.)

Former Members of Congress

The report, issued on March 15, 1991, made recommendations about questioned costs, material internal control weaknesses, and material instances of noncompliance with laws and regulations. The Contracting Officer has resolved most of the accounting system and control recommendations, but has not yet resolved \$151,559 in questioned costs. (Report No. A-91-05.)

American Council of Learned Societies

The report, issued on September 28, 1990, made recommendations about questioned costs and accounting system deficiencies. The Contracting Officer has resolved all of the accounting system recommendations, but has not yet resolved \$610,456 in questioned costs, and other savings recommendations for funds put to better use. (Report No. A-90-29.) ☐

APPENDIX A

REPORTS ISSUED

Special Inspector General Review

IG-91-01 09/18/91 Critique of VOA Broadcasts
 Into the Middle East During
 the Persian Gulf Crisis (Classified)

Audit Reports

<u>Report No.</u>	<u>Issue Date</u>	<u>Title/Auditee</u>	<u>Questioned Costs</u>		<u>Funds Put</u>
			<u>Total Unsupported</u>		<u>To Better Use</u>
<u>Internal and Management Audits</u>					
M-91-01	05/24/91	Review of VOA Radio Construction Obligation	-0-	-0-	\$2,631,000
M-91-03	06/21/91	Review of Treasury Appropriation Warrants	-0-	-0-	-0-
L-91-09	05/07/91	Review of A-76 Study of USIA Warehouse Operations	-0-	-0-	-0-
		Subtotal	-0-	-0-	\$2,631,000
<u>Grant and Contract Audits</u>					
L-91-11	05/30/91	Grant Agreements with American Council of Young Political Leaders	-0-	-0-	-0-
L-91-12	06/04/91	Provisional Indirect Cost Rates - Meridian House International	-0-	-0-	-0-
L-91-13	06/04/91	Provisional Indirect Cost Rates - Institute of International Education	-0-	-0-	-0-
L-91-14	06/28/91	Provisional Indirect Cost Rates - National Committee on U.S. China Relations	-0-	-0-	-0-
L-91-15	06/24/91	Pre-award Survey of Washington Workshops Foundation	-0-	-0-	-0-
L-91-16	06/27/91	Contract Claim Submitted by Pace Enterprises	-0-	-0-	-0-
L-91-17	09/20/91	Provisional Cost Rate - IIE Washington, D.C.	-0-	-0-	-0-
A-91-12	08/21/91	Grant Agreements with Eisenhower Exchange Fellowships, Inc.	\$412,910	\$ 7,462	-0-
A-91-13	08/23/91	Grant Agreements with American Council of Teachers of Russian	\$368,288	\$242,974	-0-
A-91-14	09/10/91	Grant Agreement with Oregon Historical Society	\$159,826	-0-	-0-
A-92-01	Pending	Contract Claim Submitted by Techniarts Engineering	\$177,372	\$112,902	-0-
		Subtotal	\$1,118,396	\$363,338	-0-
TOTAL			\$1,118,396	\$363,338	\$2,631,000

APPENDIX B

INVESTIGATION ACTIVITIES

Investigative Inventory

Pending - Beginning of period	39
Opened During Period	13
Closed During Period	12
Pending - End of Period	40

Hotline Calls

Number Received	19
Investigations Initiated	5
Referred to Agency Management	9
Closed - No Action Taken.	5

Investigative Results

Prosecutions	0
Terminations/Resignations/Retirements	0
Disciplinary Actions Taken	10
Corrective Actions Taken	3
Recoveries/Restitution	\$4,123
Pending Department of Justice	
Prosecutorial Review	9
Pending USIA for Administrative/ Disciplinary Action	0

Management Implication Reports Issued 0

Fraud Awareness Briefings Presented 4

APPENDIX C

REPORTS ISSUED WITH QUESTIONED COSTS

		Dollar Value of Questioned Costs (in thousands)	
	Number Reports	Total Costs	Unsupported* Costs
I - Reports subject to a decision by management:			
a. During prior reporting periods	16	\$2,214	\$ 943
b. During current reporting period	<u>4</u>	<u>1,118</u>	<u>363</u>
c. Total	20	3,332	\$1,306
II - Reports for which decisions were made during this period:			
a. Dollar value of disallowed costs	9	\$1,143	\$ 406
b. Dollar value of costs not disallowed	<u>8**</u>	<u>445</u>	<u>283</u>
c. Total	9	\$1,588	\$ 689
III - Reports for which no decisions were made by the end of the reporting period:	12***	\$1,744	\$ 617
IV - Reports for which no decisions were made within six months of issuance:	6	\$ 497	\$ 183

* Amounts are also included in Total Costs.

** Eight reports contained both disallowed costs and costs not disallowed.

*** One report remained partially unresolved.

APPENDIX D

**REPORTS ISSUED WITH RECOMMENDATIONS
THAT FUNDS BE PUT TO BETTER USE**

	<u>Number Reports</u>	<u>Dollar Value (in thousands)</u>
I Reports subject to a decision by management:		
a. Issued during prior reporting periods	7*	\$1,706*
b. Issued during current reporting period	1	<u>2,631</u>
c. Total	8	\$4,337
II Reports for which decisions were made during this period:		
a. Recommendations with which management agreed	6	---
- Dollar value with which management agreed		\$2,912
- Dollar value with which management did not agree		1,051
b. Recommendations with which management did not agree	1	<u>3</u>
c. Total	7	\$3,966
III Reports for which no decisions were made by the end of the reporting period:	1	\$ 371
IV Reports for which no management decision was made within six months of issuance:	1	\$ 371

* Includes two reports totaling \$879,000 that had been excluded from the previous report because the dollar values had not been established.

APPENDIX E

DEBTS OWED TO USIA

In accordance with the Senate Committee on Appropriations report on the Supplemental Appropriations and Rescission Bill of 1980, the following chart shows preliminary, unaudited figures provided by USIA on appropriation-funded debts that were owed, overdue or resolved during the six-month period that ended September 30, 1991.

	<u>Owed</u>	<u>Overdue</u>	<u>Resolved (1) During Period</u>
March 31, 1991	\$577,731	\$127,713	\$280,703
September 30, 1991	\$409,584 (2)	\$109,403	\$306,815

(1) This includes cash refunds, compromises and waivers, and write-offs.

(2) Includes new debts of \$138,668 accrued during the six-month period.

PRINCIPLES OF ETHICAL CONDUCT FOR GOVERNMENT OFFICERS AND EMPLOYEES



To insure that every citizen can have complete confidence in the integrity of the Federal Government, each Federal employee shall respect and adhere to the fundamental principles of ethical service as implemented in regulations promulgated under sections 201 and 301 of this order:

- (a) Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.
- (b) Employees shall not hold financial interests that conflict with the conscientious performance of duty.
- (c) Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.
- (d) An employee shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift of other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
- (e) Employees shall put forth an honest effort in the performance of their duties.
- (f) Employees shall make no unauthorized commitments or promises of any kind purporting to bind the Government.
- (g) Employees shall not use public office for private gain.
- (h) Employees shall act impartially and not give preferential treatment to any private organization or individual.
- (i) Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.
- (j) Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.
- (k) Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.
- (l) Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those--such as Federal, State, or local taxes--that are imposed by law.
- (m) Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.
- (n) Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to this order.

Excerpt from Executive Order 12674 of April 12, 1989.

FOR ADDITIONAL INFORMATION OR COPIES

Office of Inspector General
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REPORT - FRAUD, WASTE/ABUSE

United States Information Agency

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Provide the following: Who, What, When, Where, Why and How.

END

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